Interactive Session on

Catalysing Bharat's Prowess in Defence Manufacturing: From Make in India to Make for the World

Concept Note

Introduction:

FICCI, as the voice of the industry in India, is gearing up to organising its maiden interactive session with Defence Attachés from Friendly Foreign Countries (FFCs) and the Indian Defence Industry on June 27, 2024, 1500 hrs IST onwards at FICCI, Federation House, Tansen Marg, New Delhi. The theme of the interactive session is '**Catalysing Bharat's prowess in defence manufacturing: From Make in India to Make for the World**'. The session aims to catalyse avenues for collaborations and partnerships among private sector entities in India and friendly countries to address global defence requirements collectively. Deliberations would focus on increasing Indian defence manufacturing and exports, influencing the Global Defence Supply Chain, especially in System and Subsystem components, and driving joint platforms to harness the existing capabilities to build future-ready combat technologies.

Today, India is one of the fastest-growing economies in the world. India emerges as a reliable and economical defence manufacturing base in the current geopolitical scenario. The Government of India's (GoI) clarion call of 'Make in India' and 'Make for the World' makes the Indian defence industries poised to contribute substantially to the global defence supply chain. Presently, it is estimated to be an INR USD9.6 Bn (INR 80,000 Cr) industry, with the private sector's contribution steadily growing to more than USD2.0Bn (INR 17,000 Cr).

The Government of India's vision to catalyse Atmanirbharta (Self Reliance) in Defence R&D and manufacturing:

As per the Interim Budget 2024-25, the Capital Allocations pertaining to force modernisation and infrastructure development of the Defence Services increased to US$20.7 billion (Rs. 1,72,000 crore), representing a rise of almost US$1 billion (Rs. 9,400 crore) (5.8%) over 2023-24.

While USD2.9 billion (INR 23,855 Cr) has been allocated to DRDO, a corpus of US$12.0 billion (INR 1,00,000 Cr) was earmarked for Deep Tech, which offers long-term loans to tech-savvy companies to foster innovation in defence technologies within India. The budget also accounted for the Technology Development Assistance Fund for Startups, which amounts to USD385 Mn (INR 3,201 Crores).

The government has created two dedicated Defence Industrial Corridors in the States of Tamil Nadu and Uttar Pradesh to act as clusters of defence manufacturing that leverage existing infrastructure and human capital. Further, supportive government schemes such as DTIS (Defence Testing Infrastructure Scheme) exist to enable innovation within the defence and aerospace ecosystem. These corridors will allow India to be a reliable, all-weather, and economical defence manufacturer for the world.

Streamlining Indian Defence Exports:

In line with the 'Make in India, Make for the World' objectives, the GoI has established an Export Promotion Council (EPC) to encourage defence exports. Key measures to promote such exports encompass streamlining export processes, offering financial incentives, and fostering partnerships with overseas firms.

As part of this effort, the government has introduced the 'India Defence Mart', an online portal for defence exports. It enables companies to apply for export licenses and track their applications online. Additionally, the process of obtaining no-objection certificates (NOCs) from various export agencies has been streamlined further to facilitate the export of defence equipment and technologies.

The government has simplified the Industrial licensing process by notifying three Open General Export Licenses (OGEL), a one-time export license for the export of Parts and Components, Transfer of Technology (ToT), and Major Platforms and Equipment. During the validity period of the OGEL, the industry can export specified items to specified destinations without seeking export authorisation.

The Ministry of External Affairs (MEA) introduced specific incentives under the Foreign Trade Policy to facilitate a Line of Credit (LOC) for FFCs, which they can use to import India's defence products. India has vast expertise in operating the LoC in many FFCs, which can advance its defence exports.

As part of compliance with multilateral export regimes such as the Wassenaar Arrangement (WA), it has brought significant reforms in the Standard Operating System (SOP) for issuance of authorisation for export of 'the Munition List' items covered in Category 6 of the Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET). The SOP has been streamlined to make the export authorisation process more industry-friendly by simplifying end-user requirements and inter-governmental consultations.

India's Export Market and Avenues for Collaborations

About 100 Indian defence companies have exported arms to over 85 countries like Armenia, Ethiopia, Mozambique, Seychelles, Myanmar, Philippines, Bhutan, Bangladesh, Maldives, Sri Lanka, Nepal, Mauritius, Saudi Arabia and the United Arab Emirates (UAE). India's growing defence cooperation with the FFCs has significantly expanded in recent years and reached a new level of cooperation that includes high-level visits, joint military exercises, and training. Some of the major platforms India exported include Dornier-228, 155 mm Advanced Towed Artillery Guns, Brahmos Missiles, and various other sophisticated defence systems.

India is open to exploring similar avenues for cooperation with FFC to create win-win opportunities for the countries collaborating through various platforms, such as ICET, INDUS X, etc., which aim to foster an environment of Co-Design, Co-Development, and Co-production in Defence Manufacturing.

Some of the major acquisition programs under the three services, which remain open for Indian and foreign defence companies to collaborate, are as follows:

Indian Army:

1) Future Ready Combat Vehicle (FRCV)
2) Futuristic Infantry Combat Vehicle (FICV)
3) Wheeled AFV (Recon & Sp)
4) 155mm Mounted Gun System (MGS)

5) 125, APFSDS Ammunition for MBTs
6) ATAGS
7) Medium Precision Kill System (MRPKS)
8) Towed Gun Systems
9) Auxiliary Power Unit (APU)
10) EW System for Deserts (PMO) (SAMAGHAT)
11) Generation of Quantum Secure Keys between two nodes connected directly over 200 km
12) Augmented reality (AR) based head-mounted display system for Air Defence
13) VSHORADS (Laser Beam Riding Missile)
14) Air Defence Fire control Radar (Light) – Fly ripper
15) AD guns with Ammunition (Successor to L-70 & ZU 23MM-2B)

Indian Airforce:

1) LCA Mk-2(Medium Weight Fighter)
2) Twin engine deck-based fighter (TEDBF) /Omni role Combat aircraft (ORCA)
3) Advanced Multirole Combat Aircraft (AMCA)
4) Medium-weight multi-role fighter aircraft
5) Infrared Imaging Search and Track System (IRST)
6) Foldable Fiber Glass Mat (FFM) for runway repair
7) Unmanned Combat Aerial vehicles (UCAVs)
8) MALE UAVs

Indian Navy:

1) Indian Aircraft Carrier 2 (IAC2)
2) Multi-role carrier-borne fighter aircraft (MRCBF)
3) Naval Multi Role Helicopters (NMRH)
4) Project 75I Submarines
5) Light Maritime Utility Helicopter (Naval Utility Helicopter NUH)
6) Landing Platform Docks (LPD)
7) Next Generation Missile Vessels (NGMVs)
8) Naval Shipborne Unmanned Aerial System (NSUAS)
9) Next-generation guided missile destroyer
10) Next generation frigates
11) Next-generation Corvettes
12) Mine Countermeasure Vessels
13) Next Gen Offshore patrol vessels

Conclusion:

The government's unwavering commitment to making the Indian defence manufacturing sector a global leader is evident in the policies and initiatives implemented. These include digitising internal processes, pro-business and balances to restrict imports and promote exports, formulating schemes to facilitate ease of doing business, and encouraging the manufacture and purchase of indigenous products. These initiatives are the wings that will propel the private defence sector to new heights.